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SAN LUIS OBISPO COUNTY
DEPARTMENT OF PLANNING AND BUILDING

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DIRECTOR

TO: PLANNING COMMISSION

FROM: TED BENCH AICP, HOUSING & ECONOMIC DEVELOP. SECTION

VIA: JOHN EUPHRAT AICP, DIVISION MANAGER

DATE: APRIL 27, 2006

SUBJECT: STUDY SESSION ON AFFORDABLE HOUSING ORDINANCES

Recommendation:

Receive and file this staff report.

Discussion:

As described in the Tribune edition of March 24, 2006, the median sales price of single-family homes in the County exceeded \$600,000 in February, 2006. Less than 10% of the County's households can afford to buy housing at this price. In response to the affordable housing shortage the County revised its Housing Element with 15 programs that encourage the production and protection of the County's affordable housing stock. Three of the programs call for the County consider new or revised housing ordinances, which are scheduled to come before your Commission on June 22, 2006. The three ordinances are:

1. Mobilehome park conversion ordinance.
2. Condominium conversion ordinance.
3. Secondary dwelling ordinance (a revision to the existing ordinance).

The Negative Declaration and public hearing draft of these ordinances will be issued prior to today's hearing, and will be submitted to you beforehand under separate cover. The discussion below describes the key components of these ordinances.

In preparation for this report, staff reviewed the ordinances of other jurisdictions throughout California. There are numerous examples of affordable housing ordinances from the state's coastal and winery regions, which have all experienced a rapid rise in land costs and a shortage of affordable housing. The Planning and Building Department has issued five Concept Papers that address several of the Housing

Element programs, and are posted on the Planning Department's website at www.sloplanning.org. A series of public workshops that covered the proposed housing ordinances was held during October, 2005.

Mobilehome Park Conversion Ordinance

Issues: When a mobilehome park is converted to another use, state laws allow local jurisdictions to require the developer to pay all reasonable relocation costs to help the displaced residents to move to another mobilehome park. Yet there are few mobilehome parks in San Luis Obispo with available vacant spaces, and the park owners may be unwilling to accept some of the transferred mobilehomes.

Park owners have a vested property right, and so do the residents who own their mobilehomes and rent the spaces in the park. Park owners wish to protect their ability to convert the park to other uses. Park residents may favor strict ordinances such as what Santa Barbara County has adopted (e.g., mobilehome park subdivisions are prohibited). There is a sample ordinance prepared by a statewide mobilehome park residents group called the Golden State Manufactured-Home Owners League (GSMOL) that has been reviewed and considered by staff.

Many jurisdictions have ordinances that describe the relocation costs that the developer shall pay, and that also require the developer to buy the mobilehome at a fair market price if another mobilehome park space cannot be found. Staff suggests that the County consider adopting an ordinance that strikes a balance with what other jurisdictions have adopted. The County may or may not want to require developers to pay the difference in space rent between old and new parks for a period of one or more years. The County could limit the options available for residents who do not use the mobilehome as their primary residence (i.e., vacation homes). The County may also wish to consider allowing mobilehomes to be relocated to parcels that are outside of mobilehome parks, as long as the parcel is acceptable to the mobilehome owner and all applicable codes are met.

Ordinance Components: The ordinance components that appear below are described in the Concept Paper issued in October, 2005, and are in the draft ordinance submitted to you under separate cover.

- Conditional Use Permit. Require a CUP for the conversion of a mobilehome park.
- Impact Report. Per state law, describe the impact to displaced residents, adequate housing available in mobilehome parks elsewhere, and relocation costs. County may also require a description of the displaced households (size, age and income).
- Notices and copy of the impact report shall be provided to the residents.
- Relocation or Sale. Pursuant to state laws require reasonable relocation costs to be paid, and specify what costs shall be covered. If no mobilehome parks have

available space or will not accept the displaced mobilehome then the County should, as in other jurisdictions, require the developer to buy the mobilehome at its appraised "in-place" value. The County could also allow the unit to be moved to a parcel outside of a mobilehome park if the new location is acceptable to the unit owner and in conformance with county codes, when the full relocation costs are paid for by the developer.

- Relocation Plan. Describe the new locations and relocation costs, plus a time-table.
- Subdivision of mobilehome parks. State law requires the developer to allow residents to buy their space, or have a long-term (four year) rental period with a restricted rental rate. The County may also require that a Property Condition Report be prepared by a civil engineer, and that the developer provide the HOA with a one-year reserve of maintenance funds.

Condominium Conversion Ordinance

Issues: Changes in the real estate market could encourage a rapid increase in proposals to convert apartments into condominiums. Higher construction costs and the insurance liability with new units make it easier to convert and sell existing units. Safeguards are needed to discourage a rapid loss of rental units, insure that apartment buildings being converted will meet County safety codes and community design standards, that unit buyers are informed of the condition of the property, tenants are prepared for displacement, and that decision makers are aware of the impact to the County's affordable housing stock.

Some jurisdictions have strict condominium conversion ordinances. For example, developers may be required to pay the difference in rent between old and new units for a period of one or more years. "No-net-loss" of units occupied by lower income tenants is allowed (over 30% of the County's population is lower income). There may be restrictions that limit the number of rental units converted each year, to prevent a rapid or sudden loss of rental housing stock. Again, staff suggests that the County consider adopting an ordinance that strikes a balance with what other jurisdictions have adopted.

Ordinance Components: The ordinance components that appear below are described in the Concept Paper issued in October, 2005, and are in the draft ordinance submitted to you under separate cover.

- Conditional Use Permit. Require a CUP for the conversion of rental units.
- Impact Report. Provide a description of the displaced households (size, age and income), unit rent history, and availability of similar priced units in the community.
- Property Condition Report (prepared by a civil engineer). Describe property conditions, deficiency in meeting codes, repair and maintenance cost estimates, and an estimate of HOA fees.

- **Project Upgrades.** Require each unit to have separate utility meters, for the project to be in substantial compliance with fire and building codes, and in conformance with community planning standards. Provide the HOA with a one-year reserve of maintenance funds.
- **Tenant Information Package.** Provide tenants with adequate notices, 180 day rent termination period after subdivision map approval, protection from unjust evictions or rental rate increases, and an option to buy the unit at market price.
- **Relocation Assistance.** Provide each displaced household with a dollar amount equaling two month's rent of their unit, to assist with moving costs.
- **Threshold Requirements.** Limit the rate of conversions to a number equaling 50% of the new rental units built in the prior year in the same planning area.

Secondary Dwelling Ordinance

Proposed revisions to the County's standards for secondary dwellings are in two parts. The first are revisions required to address a state law that went into effect on July 1, 2003, that limits the local jurisdictions in their ability to require discretionary permits for secondary dwellings. These are not included in this study session because they involve minor wording changes throughout the Inland and Coastal Zone Land Use Elements and Land Use Ordinances to remove the requirements for discretionary land use permits for secondary dwellings. They are not optional for the local jurisdictions. The second part involves proposed revisions to implement Program HE 1.6 of the Housing Element, which was approved by the Board of Supervisors in July of 2004.

The following recommendations are the result of a review by Planning and Building Department staff of the current standards for secondary dwellings focusing on what changes could be made to improve the ordinance and make it easier to understand. In addition, county staff held two public workshops to discuss secondary dwelling issues. The proposed changes also address some of issues raised at these workshops.

1. ACCESS:

Existing standard

County road or private road with chip seal and maintenance agreement

Recommendation

County maintained road or the following (based on parcel size) with a maintenance agreement.

< 1 acre - paved road

> 1 acre - chip seal over certified road base material

Combine driveways where possible. An adjustment (for combining driveways) pursuant to LUO Section 22.70.030 may be allowed if combining driveways would result in significant removal of landscaping, removal of private area, grading on slopes over 15%

or removal of oak trees.

2. PARKING:

Existing standard

1 space

Recommendation

1 space per bedroom to a maximum of two spaces.

3. SIZE OF ATTACHED GARAGE:

Existing standard

No current standards.

Recommendation

The garage cannot exceed 600 square feet. Additional attached workshops are not allowed. The garage cannot be detached. **No waivers allowed.**

4. SIZE OF SECONDARY DWELLING UNIT:

Existing standards

Residential Single Family

Lot size	Floor area
6000-12000	640 sqft(must be attached)
12,000+	800 sqft(may be detached if criteria are met)

Other land use categories

Lot size	Floor area
<2acres net	800 sqft
2 acres net - 5 acres net(cw or cs)	1200 sqft
5 acre net or larger (w and s))	1200 sqft

Recommendation

Lot size	Floor area	
6000 sqft - 2 acres	800 sqft, incl storage space	No waivers allowed
> 2 acres	1200 sqft "	

5. MAXIMUM DISTANCE FROM PRIMARY DWELLING UNIT:

Existing standards

Lot size	Distance
< 5 acres net	50 ft max
5 acres to 20 acres	250 feet max
20 acres or more	500 feet max

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Recommendation

Lot size	Distance
6000 sqft – 2 acres	50 feet
2 acres – 5 acres	100 feet
> 5 acres	250 feet

An adjustment may be granted pursuant to Land Use Ordinance section 22.70.030 if locating the secondary dwelling within the required distance would necessitate the removal of or impact to any one of the following:

- a. Exiting improvements, such as detached accessory structures, swimming pools, wastewater disposal fields, drainage facilities, or water storage tanks.
- b. Sensitive or significant vegetation such as native trees or shrubs, riparian vegetation, vineyards, orchards, or visually prominent trees.
- c. Significant topographic features (steep slopes, ridgelines, bluffs) water courses, wetlands, lakes or ponds, or rocky outcrops.
- d. Archaeological resources.

Conclusions:

Mobilehome parks are an important component of County's affordable housing stock. In the unincorporated county there are 35 mobilehome parks with over 2400 spaces. Subdivision or conversion of mobilehome parks to other uses can place a significant financial strain on park residents. Currently, mobilehome park residents have few options if they cannot afford to buy into the park or move their home to new location if the park is converted to another use.

Rental housing also provides an essential housing source for low and moderate-income households. In recent years fewer rental units have been built in the county due to the demand for ownership housing. While conversion to condominium ownership does not preclude units from being rented, they are often sold because demand for ownership housing is so high in the county.

In the interest of protecting these housing resources, staff will present affordable housing ordinances for your Commission's consideration and recommendation to the Board of Supervisors. The hearing for the mobilehome park and condominium conversion ordinances is tentatively scheduled for June 22, 2006. The hearing for the secondary dwelling ordinance is tentatively scheduled for July 13, 2006. Your commission and the public may contact staff at any time regarding its progress in implementing the affordable housing programs of the County's Housing Element.